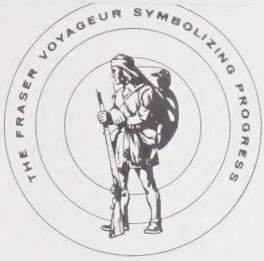


AR25



FRASER
COMPANIES,
LIMITED

Annual
Report
1965



IN THIS REPORT

FRASER COMPANIES
FRASER PAPER

	Page
Directors and Officers	1
Two Years in Brief	2
Directors' Report	3-4
The Year in Review	5-8
Consolidated Financial Statements	9-12
Auditors' Report	13
Ten Year Comparison	14-15
Newcastle Mill Expansion	16-17
Map of Operations	18
Mills and Offices	19
Products	20

ABOUT THE COVER



The Company's Newcastle Kraft Pulp Mill pictured as construction on the expansion nears completion. In the background is the picturesque Miramichi River.

FEBRUARY
24, 1966

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

E. R. ALEXANDER

*Vice-President, Finance, Sun Life
Assurance Company of Canada*

F. PHILIPPE BRAIS

Brais, Campbell, Pepper & Durand

RALPH B. BRENAN

President, G. E. Barbour Company, Limited

ARTHUR H. CAMPBELL

Director, Canada Permanent Trust Company

AUBREY CRABTREE

Chairman of the Board

H. ROY CRABTREE

*Chairman and President,
Wabasso Cotton Company Limited*

F. RYLAND DANIELS

President, Dominion Textile Company, Limited

JOHN E. L. DUQUET

*Duquet, MacKay, Weldon, Bronstetter,
Willis & Johnston*

PHILIP L. HOVEY

President

ROY A. JODREY

*President, Minas Basin Pulp & Paper Company
Limited*

DONALD E. KERLIN

President, Montreal Trust Company

K. W. MATHESON

Vice-President

A. L. PENHALE

President, Asbestos Corporation Limited

L. M. SHERWOOD

Former Vice-President

FRANK H. SOBEY

Chairman, Sobeys Stores Limited

EXECUTIVE COMMITTEE

H. ROY CRABTREE

Chairman

RALPH B. BRENAN

PHILIP L. HOVEY

ROY A. JODREY

A. L. PENHALE

OFFICERS

AUBREY CRABTREE

Chairman of the Board

PHILIP L. HOVEY

President

K. W. MATHESON

Vice-President

C. T. CLARK

Vice-President — Manufacturing

W. A. KETCHEN

Vice-President — Technical Services

E. S. McLEAN

Treasurer

B. W. HICKS

Secretary

F. B. RICHARDS

Controller

H. P. HIERLIHY

Assistant Treasurer

C. S. HENDERSON

Assistant Controller

H. M. LOGAN

Assistant Controller

TWO YEARS IN BRIEF

FRASER COMPANIES
FRASER PAPER

	1965	1964
Net Sales	66,585,721	64,844,084
Net Earnings	5,440,040	5,016,423
Net Earnings per Share	2.44	2.25
Additions to Plants and Properties	22,017,423	8,276,424
Working Capital	29,006,684	23,112,401
Depreciation and Depletion	4,992,208	4,893,092
Taxes on Income	3,499,000	4,003,000
Dividends per Share	1.40	1.40
Number of Employees at December 31 — exclusive of seasonal woods workers	3,190	3,149

STOCK TRANSFER AGENT AND REGISTRAR

MONTREAL TRUST COMPANY

• MONTREAL, P.Q. • TORONTO, ONTARIO • VANCOUVER, B.C. • SAINT JOHN, N.B.

STOCK LISTED

• MONTREAL STOCK EXCHANGE • TORONTO STOCK EXCHANGE

THE ANNUAL GENERAL MEETING of the Shareholders of Fraser Companies, Limited will be held at the General Office of the Company at Edmundston, N.B., on Wednesday, the 23rd day of March, 1966, at the hour of ten o'clock in the forenoon, Atlantic Standard Time.

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

With the vigorous economy of 1965, your Company again improved its results. Earnings were \$2.44 per share, an improvement of 19¢ over the prior year, and net sales exceeded 66 million dollars for the first time in our history. Some weakness in pulp was more than offset by improved earnings on paper and paperboard.

An annual report is an accounting of profitability and corporate financial status. As important as this accounting may be, it is historical and cannot record the direction and vitality of an organization. As the owners of Fraser Companies, Limited, we feel sure you are interested not only in the efficient stewardship of existing assets but also in developing the potential of the Company to the fullest extent. During 1965 there were four areas of development that were of major significance.

Considerable effort was expended in developing, improving and putting into practice our new approach to operational planning. This system involves the establishment of budgets and standards and periodic measurement of performance against these standards, thus providing the basis for better planning and control.

The expansion of the Newcastle kraft mill has been a major program of upgrading and growth. Pushing this construction project to completion for an early 1966 startup, while maintaining production in the existing mill, provided many challenges. We are now bringing into operation this large and modern kraft mill which utilizes advanced concepts of elec-

tronic data processing for operating and quality control.

Studies were completed, plans drawn, and we are currently building a new off-machine coater and finishing facilities at our Madawaska, Maine mill. This coating development will add breadth and growth to our line of high quality groundwood printing papers. The new 212-inch tandem blade coater is scheduled to start production by January 1967.

Plans have been made for a complete restructuring of the Atholville operation. Fraser Companies, Limited has concluded an agreement with E S & A Robinson (Holdings) Limited of Bristol, England, and a new company has been formed which will be known as Fraser Robinson Limited. This new company, to be owned 60% by Fraser and 40% by Robinson, will take over the Atholville mill and its supporting woodlands. The facilities of the existing mill will be integrated with a new kraft pulpmill and a new mill to manufacture paper and board. The complex will utilize both softwood and hardwood and will have an annual production of 185,000 tons, of which approximately 85,000 tons will be bleached pulps and 100,000 tons paper and board. Approximately 75% of the production will be supplied to the Fraser and Robinson groups, giving assurance of a market for a large part of the output.

The acquisition of existing properties and the construction of the new plants will involve a total capital of approximately \$50 million. This capital is to be provided by Fraser and Robinson in cash and assets and by borrow-

ings in North America. Detailed feasibility studies of the project have been carried out and engineering to establish firm estimates and mill design is under way. It is expected that the new mills will start operations during 1968.

Announcements during the last year make it obvious that the pulp and paper industry is undergoing a period of dramatic growth, particularly in pulp capacity in western Canada. It can be anticipated that substantial dislocations in market pulp prices may result, but the longer range prospects are excellent with every indication of vastly increased demand. Our approach is to vigorously capitalize on our advantages, up-grade our products, and to have the capacity to successfully meet the inevitable fluctuations of the market.

It is most gratifying to be able to report improved earnings and important developments which will provide growth and strengthen our competitive position. These things, which do not just happen, are the results of the combined planning, skills and hard work of Fraser people in all areas of our business. We are most appreciative of the cooperation and effort of our employees and of the strong support of our many customers.

One of the subjects to be considered at the Annual General Meeting of Shareholders is By-law DD providing for the appointment of Honorary Directors.

Messrs. Aubrey Crabtree and L. M. Sherwood have indicated that, for personal reasons, it is not their intention to stand for re-election as

Directors of the Company. It is hoped to retain the benefit of their skill and experience through their appointment as Honorary Directors.

Mr. Aubrey Crabtree joined the organization in 1930 and since that time has served the Company in various senior management positions. He became President in 1941 and was elected to the additional office of Chairman of the Board in 1956. He retired from the Presidency in 1962 but has continued as Chairman up to the present time.

Mr. L. M. Sherwood joined the Company in 1913 and after fulfilling positions of responsibility in the financial department was elected Vice-President and Controller in 1940. He retired as an officer of the Company in 1960.

The Directors take this opportunity to express their appreciation to Messrs. Crabtree and Sherwood for their outstanding contributions toward the success of the Fraser enterprises both as senior officers and as members of the Board since 1940.

To fill these vacancies on the Board of Directors, it is proposed to nominate Mr. A. A. Franck, President of Sogemines Limited, and Mr. C. T. Clark, Vice-President—Manufacturing.

Submitted on behalf of the Board of Directors.

Philip L. Hovey

President.

Edmundston, New Brunswick,
February 18, 1966.

THE YEAR IN REVIEW

FINANCIAL

Net earnings for 1965 amounted to \$5,440,040 on record sales of \$66,585,721. These earnings, an increase of \$423,617 over 1964, were equivalent to \$2.44 per share compared with \$2.25 per share in the previous year.

Before interest charges and provision for depreciation, depletion and income taxes, earnings were \$13,952,248 including \$2,931,116 from the conversion of United States funds into Canadian funds.

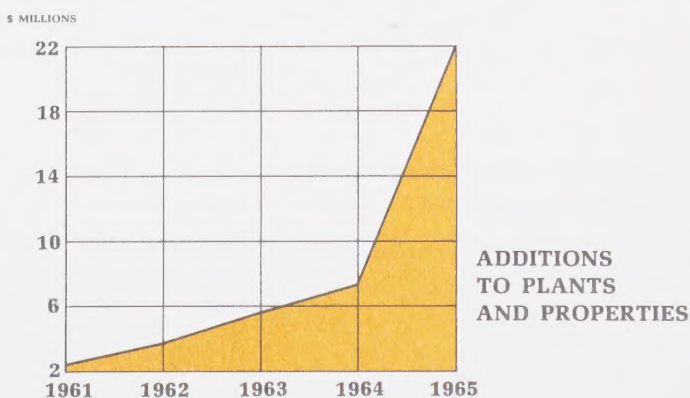
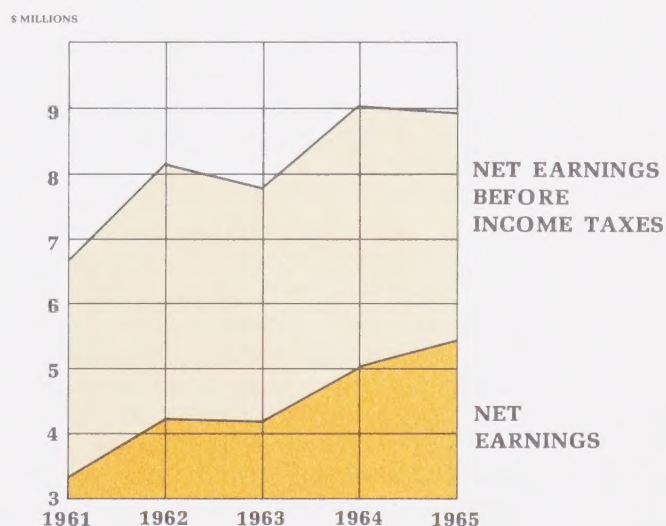
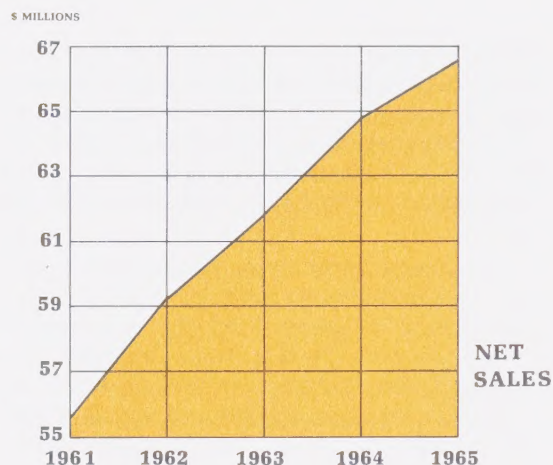
An amount of \$4,992,208 has been provided for depreciation and depletion. No provision has been made in the accounts for depreciation on fixed assets which were under construction, but maximum capital cost allowances will be claimed for income tax purposes. As a result, an amount of \$4,261,000 has been set aside as a provision for future income taxes.

Expenditures on additions and improvements to plants and properties, including the New-castle pulpmill and coating project at Mada-waska, amounted to \$22,017,423.

Dividends declared on the common stock of the Company during the year totalled \$3,116,543 and consisted of four quarterly dividends of thirty cents per share and an extra dividend of twenty cents per share. The regular quarterly dividend and the extra dividend declared in November, 1965 were paid in January, 1966.

Financing was carried out in April by the private sale at par of \$15,000,000 U.S. First Mortgage and Collateral Trust Bonds 5-1/8% Series due 1987. The redemption in December of \$350,000 of the 3% Series due 1967 reduced the amount of these outstanding Bonds to \$350,000.

The consolidated working capital at year end was \$29,006,684, an increase of \$5,894,283 over working capital on a comparative basis at the end of 1964.



OPERATIONS

Shipments of pulp, paper and paperboard during 1965 amounted to 327,530 tons, a decrease of 23,079 tons from the record total of 1964 when shipments from the Nova Scotia division contributed to the total during the first eight months.

Order receipts and total shipments of paper from the Madawaska mills were at an all-time high. While the greatest increase was recorded in the sale of papers manufactured from bleached chemical pulps, shipments of groundwood grades also established a new record. Seven-day operations were required during most weeks of the fourth quarter in both mills to meet accelerated customer demands.

The increased volume of paper sales necessitated greater internal usage of pulps from our Atholville and Newcastle mills. Sales of bleached sulphite pulp, and to a limited extent mill operations at Atholville, were affected by the weakness of the export market.

Sales of both plain and coated paperboard also required mill operations on a seven-day basis during most weeks of the fourth quarter. There was a good demand throughout the year for the eastern Canadian spruce lumber manufactured at our sawmills in Cabano, Quebec, and Plaster Rock, New Brunswick. Shipments to the market of 30,337,000 board feet were in line with planned production.

The trend of prices for papers manufactured from bleached chemical pulps for converting end uses and commercial printing turned upward during the year, and some selective price increases were realized. Paperboard prices re-

mained firm and some adjustments in quantity differentials were made. Prices for the grades of pulp presently marketed by the Company were subject to downward pressures in the export markets, and price advances announced at the beginning of the year in bleached sulphite and unbleached kraft pulps were substantially erased for export sales in the fourth quarter.

NEWCASTLE MILL EXPANSION

The major expansion at Newcastle is substantially completed and some of the new facilities have already come into operation. These include pulp screening and cleaning systems for the batch cooking process, slaking and causticizing equipment, the recovery boiler and precipitator.

The installation of the continuous digester has been finalized and preliminary cooking procedures have been carried out. The related unbleached washing and screening system has been checked out under actual operating conditions.

Necessary revisions to the original project plan and delays in the delivery of some equipment have resulted in a rescheduling of the startup for bleached grades to the end of the first quarter of 1966.

The programming of the computer, installed as part of the new electronic data processing and reporting equipment, is progressing satisfactorily. This installation is designed to provide supervisors and operators almost instantaneously with accurate and meaningful operational data for more effective quality control at increased economy.

Customers' orders are received from New York through this direct line teletype at the office of the Madawaska paper mills.



The central processor is an integral part of the new electronic data processing and reporting system at the Newcastle mill.



Modern and efficient equipment is being provided for mill effluent control and odour abatement.

The installation of a 15,625 KW turbine generator in the last quarter of 1966 will permit the expanded mill to be self-sufficient for electrical power.

GROUNDWOOD COATING

The new coating project for groundwood printing papers, announced in July, is proceeding on schedule. By the end of the year, construction work was well advanced on the building for the new off-machine blade coater and related equipment and for the warehouse which will provide additional facilities for finishing and storage. This roll storage area together with a new enclosed train loading dock for 12 cars will reduce costs while providing improved material handling facilities.

The Company has placed orders for the coating preparation equipment and a blade coater designed to produce coated two sides, lightweight groundwood papers for gravure, letterpress and offset printing. The coater will handle a 212-inch web and will have an initial design speed of 3,000 feet per minute.

Auxiliary facilities scheduled for installation include a full width supercalender and a high speed rewinder. New roll wrapping equipment is being installed to meet the needs of the entire mill production of groundwood papers.

IMPROVEMENTS

As part of the continuing program for capital improvements, projects during the year includ-

ed the first phase in the modernization of the electrical distribution system at Edmundston. This program is scheduled to continue in 1966. At the Atholville mill, a waste heat boiler is being renewed and a turbulent contact absorption tower is being installed to replace two conventional acid towers.

In the Madawaska paper mills, hydrofoils and a fabric wire were installed on No. 1 Paper Machine to effect improved operation and efficiencies. A new calender stack and winder are scheduled for installation on No. 5 Paper Machine during the first quarter of 1966.

INVESTMENTS

The newsprint mill of Rothesay Paper Corporation, in which this Company has an interest, commenced operations in the first quarter of 1965. Although certain problems were encountered during the startup period, these are gradually being eliminated and production has continued to improve.

WOODLANDS

Woods operations are being mechanized selectively as techniques and equipment are developed, which offer advantages under the various operating conditions that exist in Company woodlands. Increased mechanization tends to improve working conditions while offsetting localized shortages and the rising cost of woods labour. The present fleet of wheeled skidders, pilers, loaders and haulers has been increased over the past year. In addition, a mobile slasher has been added at Newcastle where a changeover to 8-foot pulpwood is expected to provide improved efficiencies in woodhandling and transportation.

Construction on the new groundwood coating facilities at Madawaska, Maine.



A mobile slasher cuts tree lengths into eight-foot pulpwood which is then piled mechanically.



A high incidence of forest fires in eastern Canada followed an unusually dry spring. Although conditions in the woodlands of the Company were hazardous, only a few fires occurred. Specially-trained crews working closely with forest protection personnel of the Governments of Quebec and New Brunswick kept fire losses to a minimum.

Company forestry personnel continued to participate in the Green River Project, a cooperative research effort with the Federal and Provincial Governments in many aspects of silviculture. In a similar cooperative venture, the Company continued its participation in the spruce budworm spraying program of Forest Protection, Limited.

INDUSTRIAL RELATIONS

Labour relations continued on a normal and constructive basis throughout the year. Sixteen labour agreements were negotiated covering employees in woods, sawmill, pulpmill, and paper mill operations. The pulpmill agreements cover a three-year period while all others were renewed for a term of two years. Settlements were in line with those in similar industries in the area. The substantial settlements made in the Canadian pulp and paper industry in 1965 are reflected in the pulpmill agreements.

Continuing efforts in the area of safety resulted in an experience record below the average for the industry. There was a marked improvement in our woods operations where the number of lost time accidents was substantial-

ly reduced. The Atholville pulpmill and Cabano woods division had particularly commendable safety records in 1965.

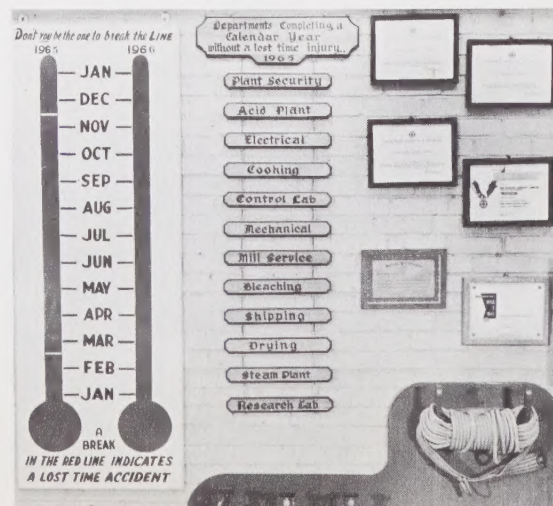
The increasing complexities of industry require more technically-trained personnel in all areas. Although the availability of engineers and scientists is limited, active programs offering summer employment to selected undergraduates and industrial experience for co-op students assist us in attracting qualified university graduates.

RESEARCH AND DEVELOPMENT

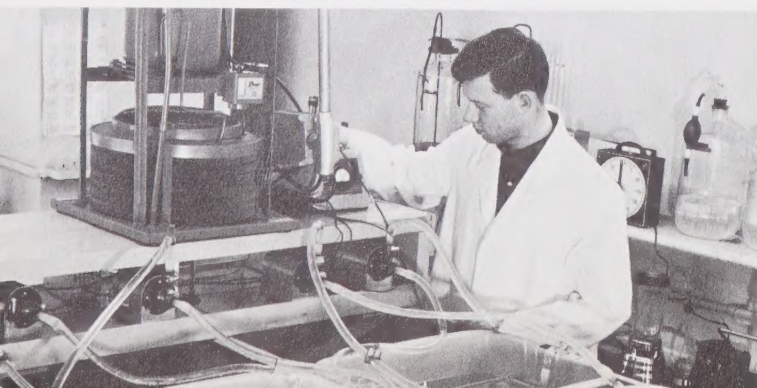
Research activities were conducted in several specific fields of major importance in 1965. Technical work was intensified on product development of publication and catalogue grades of coated groundwood papers for gravure, offset, and letterpress printing. By the end of the year, coating formulations and procedures for the manufacture of high quality gravure papers in the lightweight field had been developed.

Sulphite and kraft mill effluents are continuing to receive a major portion of our research effort. Important advances have been made towards the recovery of chemicals and the control and treatment of these effluents. The Department of Fisheries, the Fisheries Research Board of Canada, and the New Brunswick Water Authority have assisted in this program of research.

Displays are an important part of safety programs.



Experimental research towards improved treatment of mill effluent.



FINANCIAL

STATEMENT OF CONSOLIDATED EARNINGS

YEAR ENDED DECEMBER 31

	1965	1964
Net sales	\$66,585,721	\$64,844,084
Interest income	143,680	396,053
	<u>66,729,401</u>	<u>65,240,137</u>
Cost of products sold, selling, administrative and general expenses	52,777,153	51,296,122
Bond interest	21,000	31,500
Depreciation and depletion	4,992,208	4,893,092
Taxes on income — Note 2	3,499,000	4,003,000
	<u>61,289,361</u>	<u>60,223,714</u>
Net earnings for the year	<u>\$ 5,440,040</u>	<u>\$5,016,423</u>

Administrative expenses for 1965 include \$190,257 paid as remuneration to directors and to officers who are also directors.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

	1965	1964
Balance at beginning of year	\$47,325,819	\$45,204,169
Net earnings for the year	5,440,040	5,016,423
Net gain on realization of fixed assets	371,089	221,770
	<u>53,136,948</u>	<u>50,442,362</u>
Dividends	3,116,543	3,116,543
Balance at end of year	<u>\$50,020,405</u>	<u>\$47,325,819</u>

CONSOLIDATED

ASSETS

DECEMBER 31

CURRENT:

Cash and short term deposits

\$ 10,483,642

\$ 7,723,656

Accounts receivable

5,596,434

5,669,535

Income taxes recoverable

288,966

—

Inventories, valued at the lower of cost or market,
comprising raw materials and supplies, goods
in process and finished products, and current
logging and pulpwood advances

20,090,592

18,524,239

Prepaid insurance

150,977

181,051

36,610,611

32,098,481

INVESTMENTS:

Securities at cost

1,613,950

1,613,950

Other

124,817

117,273

1,738,767

1,731,223

FIXED:

Plants and properties, freehold and
leasehold timber limits at cost

142,666,817

121,342,666

Less:

Accumulated depreciation

\$78,211,463

Accumulated depletion

14,400,854

92,612,317

88,190,988

50,054,500

33,151,678

\$ 88,403,878

\$ 66,981,382

Approved on behalf of the Board:

PHILIP L. HOVEY, Director
K. W. MATHESON, Director

ND FRASER PAPER, LIMITED

ALANCE SHEET

LIABILITIES

DECEMBER 31

CURRENT :

	1965	1964
Accounts payable and accruals	\$ 6,369,774	\$ 5,681,908
Dividends — payable January, 1966	1,113,051	1,113,051
Taxes on income	121,102	2,191,121
	7,603,927	8,986,080

FIRST MORTGAGE AND COLLATERAL TRUST BONDS:

3 ⁰ / ₁₀ Series due January 1, 1967	\$3,500,000	
Less: Redeemed	<u>3,150,000</u>	
	350,000	700,000
5-1/8 ⁰ / ₁₀ Series due 1968/1987 (U.S. \$15,000,000)	16,199,063	—
	<u>16,549,063</u>	700,000

PROVISION FOR FUTURE INCOME TAXES — Note 2	5,321,000	1,060,000
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SHAREHOLDERS' EQUITY

Common shares without nominal or par value:

Authorized — 3,000,000 shares		
Issued — 2,226,102 shares	3,984,483	3,984,483
Retained earnings	50,020,405	47,325,819
Reserve for possible decline in inventory values and other general purposes	4,925,000	4,925,000
	<u>58,929,888</u>	<u>56,235,302</u>
	<u>\$88,403,878</u>	<u>\$66,981,382</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. In consolidating the financial statements of Fraser Paper, Limited, which operated in the United States of America, American dollars are expressed as an equal number of Canadian dollars.

2. Canadian taxes on income payable for the year have been reduced by \$409,000 by taking advantage of maximum capital cost allowances for income tax purposes which are in excess of the rates used to record depreciation in the accounts. The accumulated reduction in taxes to December 31, 1965 is \$1,125,000.

In addition, the company intends to claim maximum capital cost allowances on fixed assets which were under construction at the

end of the year and for which no charge for depreciation has been made to earnings. As a result the balance of current income taxes otherwise payable has been deferred and a refund will be claimed in respect of taxes paid for the year 1964. The aggregate of these amounts, \$4,261,000 has been added to the provision for future income taxes which may be payable whenever the depreciation recorded in the accounts will exceed that allowable for income tax purposes.

3. Commitments for the purchase of machinery, equipment and construction materials for additions and improvements to plants and properties amounted to approximately \$11,624,000 at December 31, 1965.

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

YEAR ENDED DECEMBER 31

SOURCE OF FUNDS

	1965	1964
Net earnings for period	\$ 5,440,040	\$ 5,016,423
Depreciation and depletion	4,992,208	4,893,092
Provision for future income taxes	4,261,000	1,060,000
5-1/8% first mortgage bonds	16,199,063	—
Proceeds of sale of fixed assets	493,482	2,426,166
	<u>\$31,385,793</u>	<u>\$13,395,681</u>

APPLICATION OF FUNDS

Net additions and improvements to plants and properties	\$22,017,423	\$ 8,276,424
Bonds redeemable	350,000	350,000
Dividends declared	3,116,543	3,116,543
Investments increased	7,544	7,404
	<u>25,491,510</u>	<u>11,750,371</u>
Working Capital increased	5,894,283	1,645,310
	<u>\$31,385,793</u>	<u>\$13,395,681</u>

AUDITORS' REPORT

TOUCHE, ROSS, BAILEY & SMART

HALIFAX
QUEBEC
MONTREAL
TORONTO
LONDON
REGINA
NORTH BATTLEFORD
EDMONTON

SAINT JOHN
CAP DE LA MADELEINE
OTTAWA
HAMILTON
WINNIPEG
SASKATOON
CALGARY
VANCOUVER
VICTORIA

CHARTERED ACCOUNTANTS

ROYAL BANK BUILDING
PLACE VILLE MARIE
MONTREAL 2, CANADA

UNITED STATES OF AMERICA
GREAT BRITAIN
AND OTHER COUNTRIES
THROUGHOUT THE WORLD
CABLE ADDRESS: 'TROBAS'

AUDITORS' REPORT TO THE SHAREHOLDERS

Fraser Companies, Limited,
Edmundston, N.B.

We have examined the consolidated balance sheet of Fraser Companies, Limited and its wholly owned subsidiary Fraser Paper, Limited as at December 31, 1965 and the statements of consolidated earnings, retained earnings and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet, the statements of consolidated earnings, retained earnings and source and application of funds present fairly the financial position of Fraser Companies, Limited and Fraser Paper, Limited as at December 31, 1965, the results of their operations and the source and application of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Ross, Bailey & Smart.

Montreal, Que.
February 3, 1966.

Chartered Accountants.

FRASER COMPANIES, LIMITED

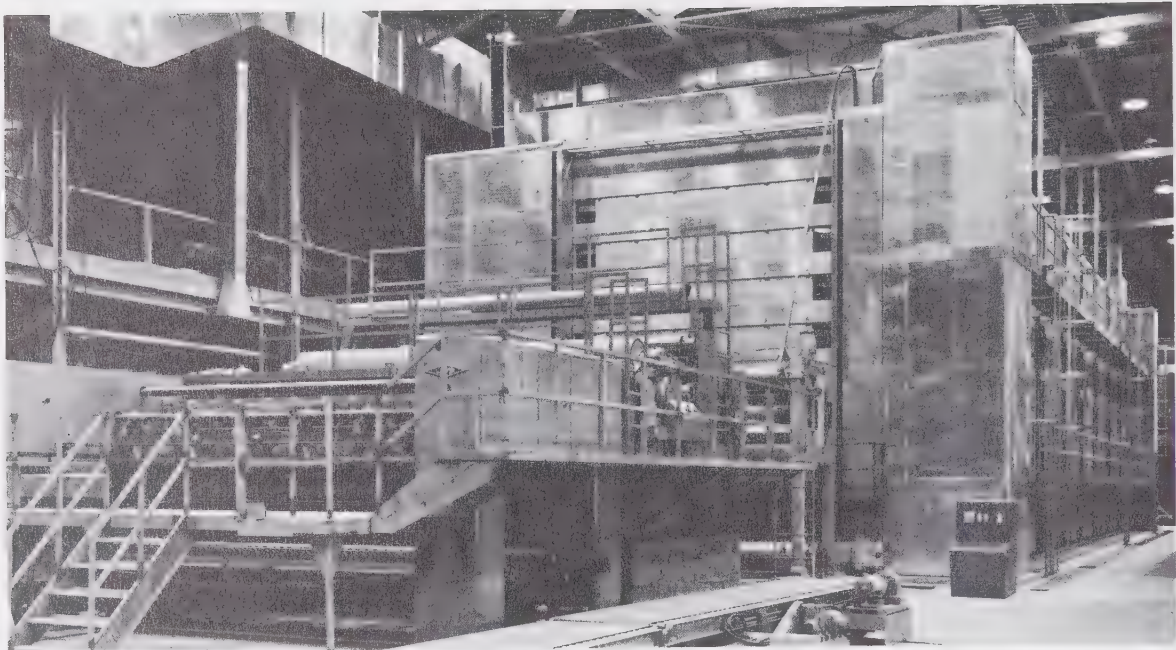
TEN YEARS

FOR THE YEAR	1965	1964	1963
QUANTITIES SHIPPED:			
Pulp, paper and paperboard — tons	327,530	350,609	322,133
Lumber — M f.b.m.	30,337	31,343	32,733
Net sales	\$66,585,721	\$64,844,084	\$61,862,028
Depreciation and depletion	4,992,208	4,893,092	4,887,256
Taxes on income	3,499,000	4,003,000	3,571,000
Net earnings for the year	5,440,040	5,016,423	4,187,572
Additions to plants and properties	22,017,423	8,276,424	5,561,513
Income taxes per common share	1.57	1.80	1.60
Earned per common share	2.44	2.25	1.88
Dividends declared per common share	1.40	1.40	1.40
Bonded debt at December 31	\$16,549,063	\$ 700,000	\$ 1,050,000

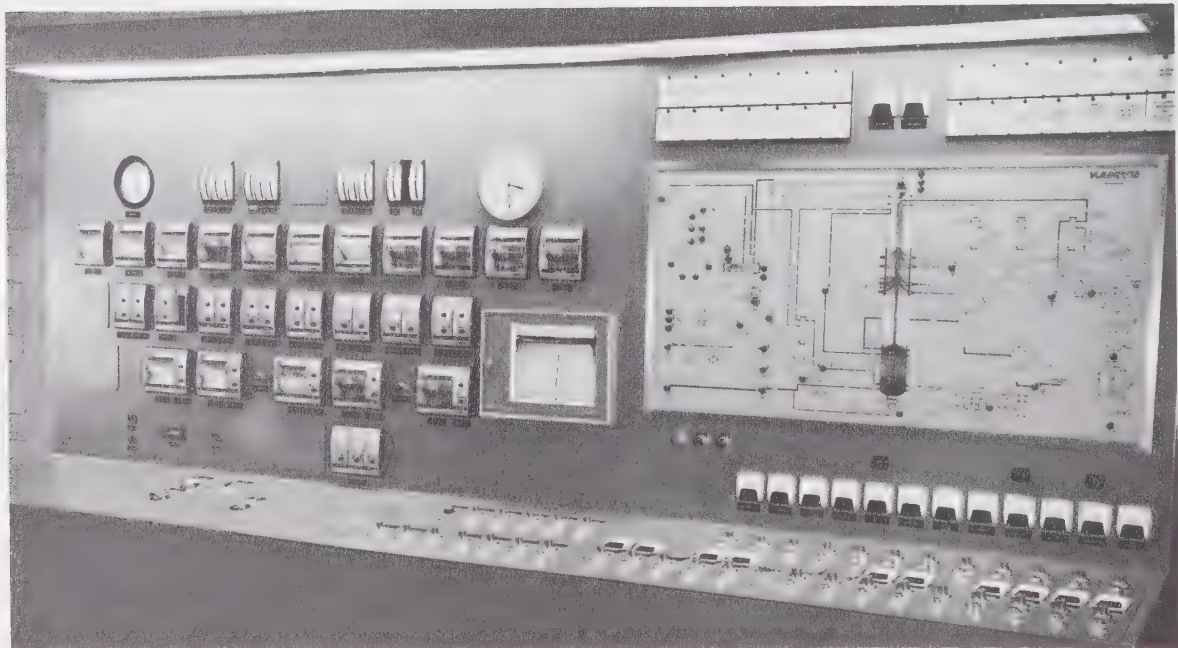
2,226,102 common shares were outstanding from 1956 to 1965 inclusive.

COMPARISON

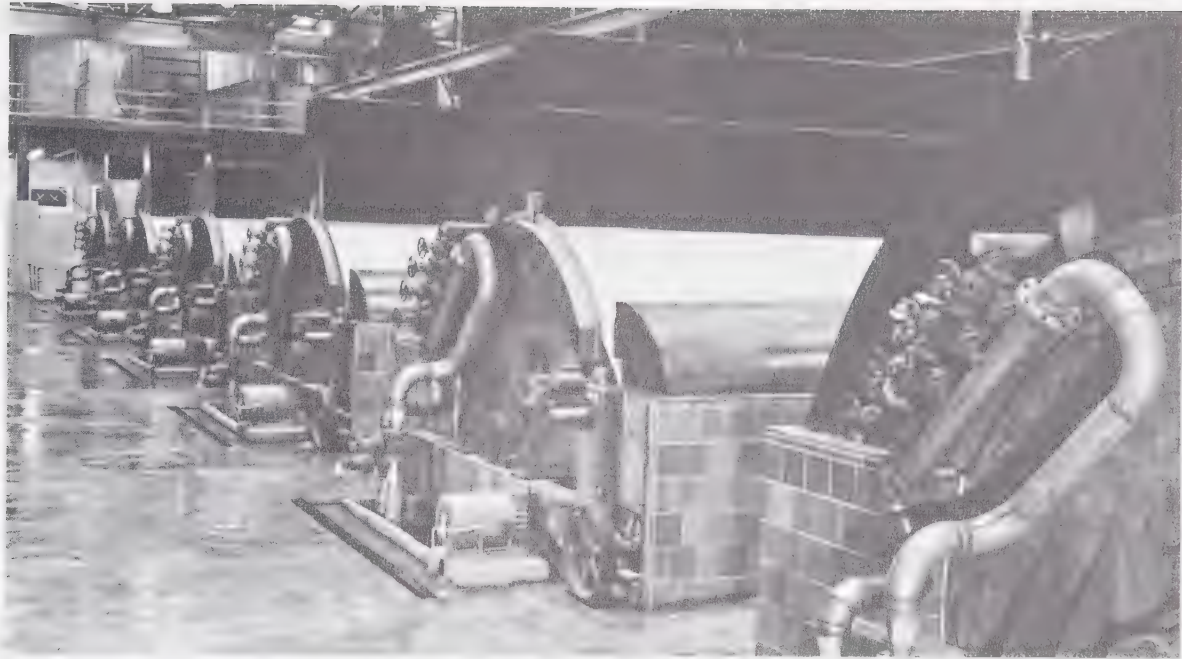
1962	1961	1960	1959	1958	1957	1956
284,889	268,912	240,288	240,396	242,454	265,214	284,815
29,519	31,089	27,119	31,397	27,691	23,042	30,299
59,304,412	\$55,605,429	\$53,745,497	\$55,133,065	\$54,564,038	\$57,557,950	\$60,763,503
4,756,833	3,980,534	3,669,815	3,627,707	3,938,841	3,726,790	3,621,535
3,925,000	3,311,000	3,380,000	4,271,000	4,484,000	5,081,000	6,338,000
4,224,900	3,380,577	3,613,208	4,150,700	4,621,859	5,298,524	6,705,642
3,801,522	2,443,956	7,589,835	5,097,985	4,346,182	6,482,333	5,011,088
1.76	1.49	1.52	1.92	2.02	2.28	2.85
1.90	1.52	1.62	1.86	2.07	2.38	3.01
1.40	1.20	1.20	1.50	1.50	1.50	1.65
\$ 1,400,000	\$ 1,750,000	\$ 2,100,000	\$ 2,450,000	\$ 2,800,000	\$ 3,150,000	\$ 3,500,000



1. Pulp Drying Machine, Cutter and Layboy

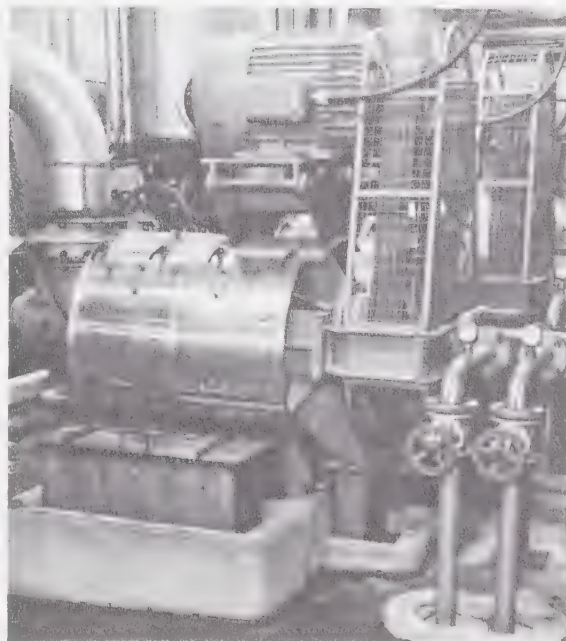


2. Digester Control Panel



3. Bleach Pulp Washers

1. The pulp dryer uses an air stream to float the pulp sheet through the drying section to the automatic cutting and sheeting lay-boy. The pulp bales are then discharged automatically to the conveyor shown in the foreground.
2. This panel features electronic instrumentation for centralized control over all phases of the continuous cooking process.
3. The pulp washers shown here remove soluble impurities from the stock after each of the six stages in the bleaching process.
4. Pictured is a part of the rotary screen installation for removing shives and coarse pulp fibers which material is recovered through a further refining process.



4. Rotary Screens

MAP OF OPERATIONS

FRASER COMPANIES
FRASER PAPER



MILLS AND OFFICES

FRASER COMPANIES, LIMITED

GENERAL AND EXECUTIVE OFFICES EDMUNDSTON, NEW BRUNSWICK

MILLS

Edmundston, N.B.	Sulphite and groundwood pulpmills, sulphite and kraft bleaching plants and paperboard mill
Atholville, N.B.	Bleached sulphite pulpmill
Newcastle, N.B.	Bleached, semi-bleached and unbleached kraft pulpmill
Plaster Rock, N.B.	Sawmill and dressing mill
Cabano, P.Q.	Sawmill and dressing mill

DIVISIONAL OFFICES FOR DISTRICT WOODS OPERATIONS

Edmundston, N.B.
Newcastle, N.B.
Atholville, N.B.
Plaster Rock, N.B.
Cabano, P.Q.

SALES OFFICES

Royal Bank of Canada Building, Place Ville Marie, Montreal 2, Quebec	Pulp and paperboard sales
159 Bay St., Toronto 1, Ontario	Paperboard sales
Edmundston, New Brunswick	Lumber sales

FRASER PAPER, LIMITED *(Subsidiary Company)*

MILLS

Madawaska, Maine	Paper mills manufacturing high grade specialty papers from chemical and groundwood pulps
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SALES OFFICES

330 Madison Avenue, New York 10017, N.Y.
111 W. Washington St., Chicago 60602, Ill.

PRODUCTS MANUFACTURED IN CANADA

AT NEWCASTLE, NEW BRUNSWICK

- Unbleached Kraft Pulp
- Semi-Bleached Kraft Pulp
- Bleached Kraft Pulp

AT ATHOLVILLE, NEW BRUNSWICK

- Restigouche Bleached Sulphite Pulp

AT EDMUNDSTON, NEW BRUNSWICK

- Coated Paperboards
- Uncoated Paperboards

AT CABANO, QUEBEC AND PLASTER ROCK, N.B.

- Eastern Canadian Spruce Lumber

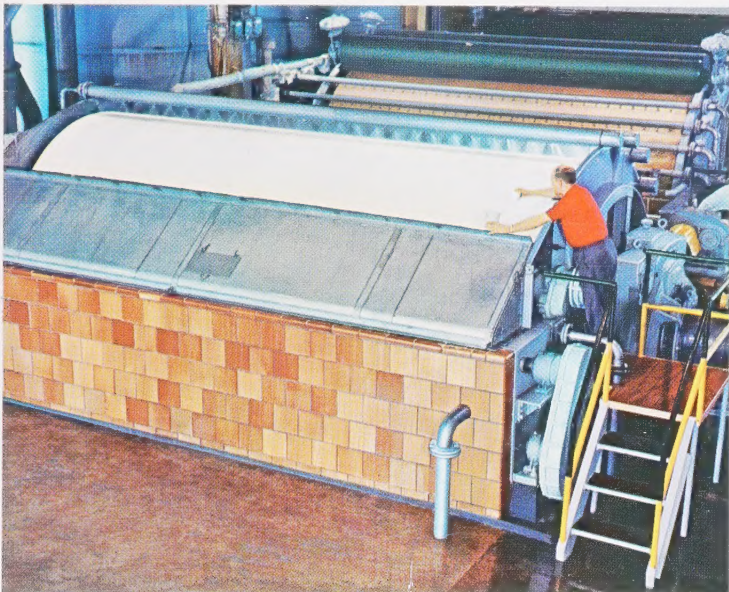
PRODUCTS MANUFACTURED IN U.S.A.

AT MADAWASKA, MAINE

- Commercial Printing Papers
Snowland Bond—Mimeograph, Duplicator,
Offset, Ledger and Manifold
- Business Forms Papers
Fra-O-Form and Kopy Klear Opaque,
Magnetic Ink Character Recognition and
Optical Character Recognition Papers
- Lightweight Printing Papers
Fra-Opaque, Fra-O-Text and Sno-Text
- Converting Papers
Fracote, Giftcote, Coated and Uncoated
Grades for Special Requirements
- Groundwood Papers
Lightweight Specialties in Gravure,
Letterpress and Offset Finishes

This report, excepting the cover, is printed on Kedgwick Offset paper, 80 lb. Vellum Finish, a product of Fraser Paper, Limited, Madawaska, Maine.

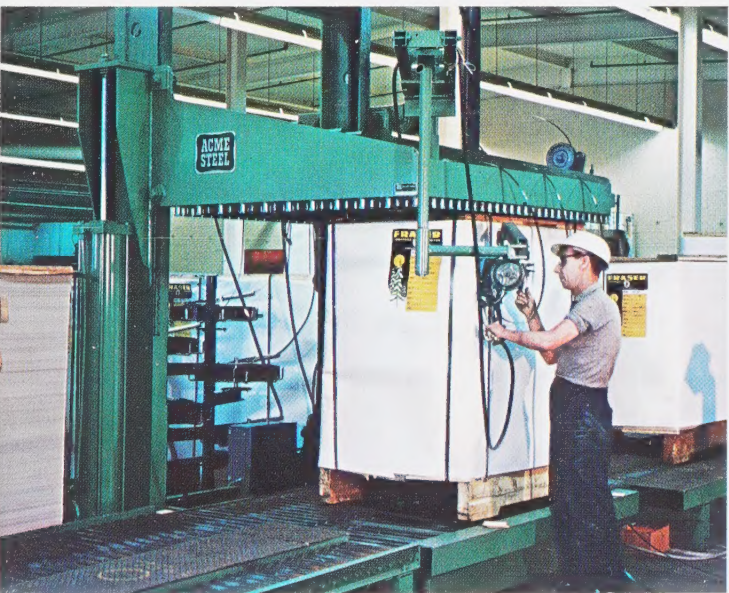
FRASER QUALITY PRODUCTS



Taking a sample of sulphite pulp as part of a sequence of quality control tests.



Checking a composite order of standard shades of Snowland Bond before packaging.



Strapping paperboard for rail and truck shipment.



Piling eastern Canadian spruce lumber in the yard for drying.



FRASER COMPANIES, LIMITED

EDMUNDSTON, NEW BRUNSWICK

